

Message Text

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DEPARTMENT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: BUNDESTAG PASSES DM 155 BILLION FEDERAL DRAFT
BUDGET FOR 1975

1. THE GOVERNMENT'S 1975 DRAFT BUDGET, SUBMITTED TO THE BUNDESTAG ON SEPTEMBER 18, 1974 AND SUBSEQUENTLY REFERRED TO COMMITTEE, WAS PASSED BY THE LOWER HOUSE AFTER A 3 DAY DEBATE ON MARCH 21. THE SECOND READING IN THE BUNDES RAT, THE LAST STEP IN THE LEGISLATIVE PROCESS PRIOR TO SIGNATURE BY THE PRESIDENT, HAS TENTATIVELY BEEN SCHEDULED FOR APRIL 11. THE BUDGET AS IT NOW STANDS PROVIDES FOR EXPENDITURES OF DM 155.15 BILLION, VERSUS THE ORIGINALLY CONTEMPLATED DM 154 BILLION. THE NEWLY CONTEMPLATED EXPENDITURE LEVEL WOULD MEAN AN INCREASE OVER THE APPROVED 1974 LEVEL BY 3.7 PERCENT.

2. NET BORROWING REQUIREMENTS ARE NOW PLACED AT DM 22.8 BILLION, VERSUS THE DM 15.6 BILLION ENVISAGED LAST SEPTEMBER, WHEN THE BILL WAS FIRST SUBMITTED. THIS UPPIING REFLECTS -- IN ADDITION TO THE INCREASED EX-
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PENDITURE LEVEL -- TWO DOWNWARD REVISIONS OF TAX

REVENUE ESTIMATES, WHICH IN TURN WERE DUE TO PROGRESSIVELY LESS FAVORABLE GROWTH EXPECTATIONS.

3. FOLLOWING BELOW IS A BREAKDOWN OF THE BUDGETED 1975 EXPENDITURES BY SELECTED MINISTRIES AND MAJOR BUDGET SUB-TITLES IN DM (PERCENTAGE CHANGES OVER THE APPROVED 1974 BUDGET IN PARENTHESIS): LABOR 31.6 (15.9 PERCENT, REFLECTING INCREASED CONTRIBUTIONS TO UNEMPLOYMENT INSURANCE); DEFENSE, 31.0 (7.4 PERCENT); TRANSPORTATION, 19.0 (MINUS 0.5 PERCENT); FAMILY AND HEALTH, 14.7 (185.5 PERCENT, REFLECTING NEW APPROACH TO CHILDREN ALLOWANCES, REPLACING TAX EXEMPTIONS BY DIRECT PAYMENT FROM FEDERAL FUNDS); GENERAL ADMINISTRATION, 12.0 (MINUS 12.4 PERCENT); PENSIONS, 7.2 (11.2 PERCENT); DEBT SERVICING, 6.8 (33 PERCENT, REFLECTING HIGHER BORROWING); AGRICULTURE, 5.5 (2.0 PERCENT); EDUCATION AND SCIENCE, 4.4 (14.2 PERCENT); RESEARCH AND TECHNOLOGY, 4.1 (10.7 PERCENT); CONSTRUCTION AND CITY PLANNING, 4.1 (4.5 PERCENT); DEVELOPMENT AID, 3.3 (8.9 PERCENT). IT IS INTERESTING TO NOTE THAT THE DEFENSE MINISTRY BUDGET WAS APPROVED UNANIMOUSLY, WHILE THE OTHER MAJOR AND POLITICALLY RELEVANT SUB-CHAPTERS WERE PASSED ONLY WITH THE VOTES OF THE COALITION MAJORITY.

4. FULLER REPORT COMMENTING ON BUDGET AND ASSOCIATED BUNDESTAG DEBATE WILL FOLLOW BY SEPTTEL. HILLENBRAND

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